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TAGS: PNAT PREL IR IZ

SUBJECT: ALLAWI SAYS IRAN STRONGER IN IRAQ THAN U.S.

Classified By: Ambassador Zalmay Khalilzad for reasons 1.4 (b) and (d).

¶1. (S) At a February 1 dinner with the Ambassador, Dr. Ayad Allawi said that there is "unchecked Iranian involvement in Iraq." Allawi specifically cited the new constitution's provisions on federalism and decentralization as well as Iranian institution-building within the Iraqi Security Forces (ISF) as examples of Iran's influence. Allawi stated frankly that it is "too late to stop Iran."

IRAN: STRONGER THAN THE U.S. IN IRAQ

¶2. (S) Allawi claimed that Iraqis are unsure as to U.S. policy toward Iran. Although Allawi said he would welcome Iran as a constructive power, he added that Iran interferes in Iraq's internal affairs. Iran is stronger on the ground than the US, Allawi concluded, with more assets, resources, and people. He then stated that Iran is creating a favorable environment for itself in Iraq through its support of media outlets (television and radio stations).

¶3. (S) Allawi said that the vanishing middle class, failing government institutions, and stagnant economy in Iraq have paved the way for further Iranian intervention. This has affected the Iraqis' perception of the US, he told Ambassador, adding that the situation has been exacerbated by the growth of Shia militias, excessive de-Ba'athification, and political use of corruption allegations.

SISTANI: DIVIDER, NOT UNITER

¶4. (S) Allawi said he respects Ayatollah Sistani's role, but he described him as divisive and not a unifier. Sistani, Allawi argued, has divided Iraqi Shias into two groups: a silent majority of secularists and a vocal minority of Islamists. He told the Ambassador that the silent majority is too afraid to cross Sistani. Allawi alleged that Iran is a major force behind Sistani, pointing out that the Badr Corps provides the outer ring of security to Sistani's headquarters in Najaf.

KHALILZAD